



DEFENSE LOGISTICS AGENCY
HEADQUARTERS
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Not for public release until
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IN REPLY
REFER TO J-37

JUN 30 2005

The Honorable Duncan Hunter
Chairman, Committee on Armed Services
U. S. House of Representatives
Washington, DC 20515-6025

Dear Mr. Chairman:

The purpose of this letter is to notify you that the Defense Logistics Agency (DLA) and its subordinate activity, the Defense Reutilization and Marketing Service (DRMS), have completed the public-private competition for select warehousing functions at 68 DRMS field sites in the United States, including Hawaii. The apparent winning entity is the in-house Most Efficient Organization (MEO), meaning that the competed services will continue to be provided by government employees, albeit in a streamlined and more efficient configuration. The transition of these select warehousing functions to the MEO is scheduled to be completed in March 2006.

This competition is part of a comprehensive public-private competition strategy to provide superior service to our customers, while reducing costs and gaining efficiencies. The competition indicated that it was more cost effective for the competed function to be retained in-house. The MEO proposed a network which will reduce the DRMS infrastructure while maintaining the level of disposal support for customers.

DRMS, with headquarters in Battle Creek, Michigan, and with a worldwide presence within the Department of Defense (DOD), has a current work force of 1515 permanent and temporary employees, of which 326 are the maximum projected displaced government employees. The DRMS mission involves disposal of excess property, including hazardous materials. Property is first offered for reutilization within DOD, transfer to other federal agencies, or donation to state and local governments and other qualified organizations. Additionally, DRMS manages the DOD surplus property sales program.

Begun in fiscal year 2002, this competition was conducted in accordance with the procedures set forth in the Office of Management and Budget Circular A-76 (1983, revised 1999), Performance of Commercial Activities. Directly affected parties have 30 days to appeal the decision. Consequently, the selection of the MEO remains subject to review. Upon expiration of the appeal process, we will provide final notification as required by 10 U.S.C. Section 2461.



Enclosed is a list of affected DRMS field sites indicating the number of potentially affected government employees and the DRMS field sites that will discontinue the select warehousing functions (impacted site). It is important to note that at impacted sites, infrastructure will change, but provided services will not go away. Each impacted site will have a transition team that will start working with customers to ensure that services remain even as warehouses are eliminated. DRMS is reducing infrastructure, not the level of service support, and is committed to providing world class disposal services.

Please be assured that we will work to ensure a smooth conversion, to include early retirement and separation pay incentives to eligible government employees. Those individuals not eligible for such offers will be able to register in the DOD Priority Placement Program, through which they will be given priority consideration for vacant DOD positions for which they are qualified.

If you need additional information on this action, please call Ms. Vickie O'Toole of the DLA Legislative Affairs staff at (703) 767-5341.

Sincerely,



FREDERICK N. BAILLIE
Executive Director
Distribution and Reutilization Policy

Enclosure
DRMS Field Site Information table

cc:
The Honorable Ike Skelton, Ranking Member

DRMS Field Site Information

<u>DRMS Field Site Location</u>	<u>Warehousing Impacted? (see NOTE 1)</u>	<u>Total Permanent Government Employees</u>	<u>Maximum Projected Displaced Government Employees (see NOTE 2)</u>
Anniston Army Depot, AL	Yes	25	6
Redstone Arsenal, AL	Yes	5	1
Davis-Monthan AFB, AZ	Yes	21	5
Luke AFB, AZ	N/A	1	1
MCAS Yuma, AZ	N/A	1	1
Little Rock AFB, AR	N/A	2	1
Marine Corps Logistics, Barstow, CA	Yes	14	8
Camp Pendleton, CA	No	9	3
Port Hueneme, CA	No	3	2
San Diego Navy/Marine, CA	Yes	32	18
Sierra Army Depot, CA	Yes	3	3
Stockton, CA	Yes	20	8
Travis, CA	Yes	3	1
Vandenberg AFB, CA	Yes	3	1
China Lake, CA	N/A	1	0
Edwards AFB, CA	N/A	3	2
March ARB, CA	N/A	2	1
29 Palms, CA	N/A	2	1
Fort Carson, CO	No	10	5
Groton, CT	Yes	5	1
Cape Canaveral, FL	Yes	5	2
Eglin AFB, FL	No	15	9
Homestead ARS, FL	Yes	1	1
NAS Jacksonville, FL	Yes	30	10
Tampa, FL	Yes	2	0
NAS Pensacola, FL	N/A	1	0
Fort Benning, GA	Yes	6	2
Fort Stewart, GA	Yes	5	4
Warner Robins, GA	Yes	21	10
Albany, GA	N/A*	1	1
Forest Park, GA	N/A	1	0
Fort Gordon, GA	N/A	2	1
Barber's Point and Manana, HI	No	44	13
Mountain Home AFB, ID	Yes	1	0
Great Lakes NTC, IL	Yes	6	1
Rock Island Arsenal, IL	Yes	4	2
Scott AFB, IL	N/A	9	2

<u>DRMS Field Site Location</u>	<u>Warehousing Impacted? (see NOTE 1)</u>	<u>Total Permanent Government Employees</u>	<u>Maximum Projected Displaced Government Employees (see NOTE 2)</u>
Naval Surface Warfare Center, Crane, IN	Yes	17	4
Fort Riley, KS	No	10	8
McConnell AFB, KS	N/A	2	1
Fort Campbell, KY	Yes	17	13
Fort Knox, KY	Yes	4	3
Blue Grass, KY	N/A	1	0
Fort Polk, LA	No	5	5
Aberdeen Proving Ground, MD	Yes	2	2
Fort Meade, MD	Yes	26	6
Selfridge ANGB, MI	Yes	5	3
Duluth ANGB, MN	Yes	4	1
Keesler AFB, MS	N/A	2	0
Fort Leonard Wood, MO	N/A	1	1
Malmstrom AFB, MT	No	1	0
Offutt AFB, NE	Yes	3	0
Nellis AFB, NV	Yes	2	1
Portsmouth, NH	Yes	6	1
Fort Monmouth, NJ	N/A	1	0
Cannon AFB, NM	Yes	1	0
Holloman AFB, NM	Yes	7	3
Kirtland AFB, NM	Yes	5	1
Fort Drum, NY	Yes	1	0
Fort Bragg, NC	No	13	8
MCAS Cherry Point, NC	No	7	4
Camp Lejeune, NC	Yes	19	9
Minot AFB, ND	No	2	1
Defense Supply Center Columbus, OH	Yes	13	8
Wright-Patterson AFB, OH	No	5	3
Oklahoma City, OK	Yes	18	8
Fort Sill, OK	No	4	3
McAlester, OK	N/A	1	1
Letterkenny Army Depot, PA	Yes	4	2
Mechanicsburg, PA	No	16	3
Tobyhanna Army Depot, PA	Yes	5	2
Fort Jackson, SC	Yes	6	5
Shaw AFB, SC	Yes	0	0
Ellsworth AFB, SD	Yes	2	1
Corpus Christi NAS, TX	Yes	3	2
Dyess AFB, TX	Yes	3	1

<u>DRMS Field Site Location</u>	<u>Warehousing Impacted? (see NOTE 1)</u>	<u>Total Permanent Government Employees</u>	<u>Maximum Projected Displaced Government Employees (see NOTE 2)</u>
Fort Hood, TX	Yes	17	13
Fort Sam Houston, TX	Yes	21	13
Red River Army Depot, Texarkana, TX	No	22	5
Fort Bliss, TX	N/A	2	0
Sheppard, TX	N/A	1	0
Hill AFB, UT	No	23	11
Norfolk Naval Base/Shipyard, VA	Yes	42	21
Richmond, VA	Yes	10	1
St. Juliens Creek, Portsmouth, VA	Yes	7	0
Fairchild AFB, WA	Yes	1	0
Fort Lewis, WA	No	33	19
Fort McCoy, WI	No	3	2
<p>* 'N/A' - The affected workload and FTEs from these sites are accounted for in the competed A-76 sites. Therefore, while these are not competed sites, downsizing will occur, resulting from the A-76 implementation.</p> <p>NOTE 1: "Impacted" refers to sites where performing activity chose to discontinue competed warehousing operations. Implementation of MEO will result in elimination of warehouses and consolidation of warehouse and related functions.</p> <p>NOTE 2: Displaced government employees include both those whose positions will be eliminated as result of MEO implementation, and additional positions eliminated as a result of process changes resulting from MEO's plan for operations. Contract employees currently performing competed functions at some DRMS sites are not reflected in the above employee counts.</p>			